

# CRAVATH, SWAINE & MOORE

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CABLE ADDRESSES

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INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

December 14, 1981

Seaboard Coast Line Railroad Company

Reconstruction and Conditional Sale

Financing Dated as of October 25, 1981

Conditional Sale Indebtedness Due August 1, 1997

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of Seaboard Coast Line Railroad Company, for filing and recordation, counterparts of the following:

(1) Reconstruction and Conditional Sale Agreement dated as of October 25, 1981, among First Security Bank of Utah, N.A., as Agent, Seaboard Coast Line Railroad Company, as Builder, and First Security State Bank, as Vendee;

(2) Transfer Agreement dated as of October 25, 1981, between First Security Bank of Utah, N.A., as Agent, and First Security State Bank, as Vendee;

(3) (a) Lease of Railroad Equipment dated as of October 25, 1981, between Seaboard Coast Line Railroad Company, as Lessee, and First Security State Bank, as Vendee;

(b) Assignment of Lease and Agreement dated as of October 25, 1981, between First Security State Bank, as Vendee, and First Security Bank of Utah, N.A., as Agent; and

(4) Hulk Purchase Agreement dated as of October 25, 1981, between Seaboard Coast Line Railroad Company, as Seller, and First Security State Bank, as Buyer.

RALPH L. McAFEE  
HENRY W. DEKOSMIAN  
ALLEN F. MAULSBY  
STEWART R. BROSS, JR.  
HENRY P. RIORDAN  
JOHN R. HUPPER  
SAMUEL C. BUTLER  
WILLIAM J. SCHRENK, JR.  
BENJAMIN F. CRANE  
FRANCIS F. RANDOLPH, JR.  
JOHN F. HUNT  
GEORGE J. GILLESPIE, III  
RICHARD S. SIMMONS  
WAYNE E. CHAPMAN  
THOMAS D. BARR  
MELVIN L. BEORICK  
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ROBERT ROSENMAN  
JAMES H. DUFFY  
ALAN J. HRUSKA  
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RICHARD J. HIEGEL

FREDERICK A. O. SCHWARZ, JR.  
CHRISTINE BESHAR  
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DAVID O. BROWNWOOD  
PAUL M. DODYK  
RICHARD M. ALLAN  
THOMAS R. BROME  
ROBERT D. JOFFE  
ROBERT F. MULLIN  
ALLEN FINKEL  
RONALD S. ROLFE  
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INTERSTATE COMMERCE COMMISSION

*Handwritten notes and signatures:*  
New Number  
- A  
- B  
- C  
- D  
C. Dunsly

The names and addresses of the parties to the  
aforementioned agreements are:

Lessee-Builder-Seller:

Seaboard Coast Line Railroad Company  
500 Water Street  
Jacksonville, Florida 32202

Trustee-Vendee-Lessor-Buyer:

First Security State Bank  
79 South Main Street  
Salt Lake City, Utah 84111

Agent-Vendor:

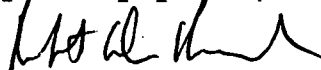
First Security Bank of Utah, N.A.,  
79 South Main Street  
Salt Lake City, Utah 84111.

Please file and record the documents referred to in  
this letter and index them under the names of the Lessee-Builder-  
Seller, the Trustee-Vendee-Lessor-Buyer, and the Agent-Vendor.

The Hulks covered by the Transfer Agreement and the  
Hulk Purchase Agreement are listed in Exhibit A attached hereto.  
The reconstructed railroad equipment covered by the Reconstruction  
and Conditional Sale Agreement and the Lease are listed in  
Exhibit B attached hereto. The reconstructed railroad equipment  
bear the legend "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED  
WITH THE INTERSTATE COMMERCE COMMISSION".

Enclosed is our check for \$200 for the required  
recordation fee. Please accept for recordation one counterpart  
of each of the enclosed agreements, stamp the remaining counterparts  
with your recordation number and return them to the delivering  
messenger along with your fee receipt, addressed to the  
undersigned.

Very truly yours,



Robert A. Kindler  
As Agent for the Seaboard Coast  
Line Railroad Company

Ms. Agatha L. Mergenovich, Secretary  
Interstate Commerce Commission,  
Washington, D. C. 20423

Encls.

<u>Quantity</u>	<u>Description</u>	To Be Selected from Series <u>Bearing Road Numbers.</u>
12	Diesel Electric Locomotives	SCL 700-1002 SCL 1003-1054 SCL 1056-1065

<u>Quantity</u>	<u>AAR Mechanical Designation</u>	<u>Description</u>	<u>Lessee's Road Numbers (Inclusive)</u>
12	GP-16	Diesel Electric Locomotives	SCL 4637-4639 SCL 4778-4786

**Interstate Commerce Commission**  
Washington, D.C. 20423

**12/23/81**

**OFFICE OF THE SECRETARY**

**Robert A. Kindler**  
**Cravath, Swaine & Moore**  
**One Chase Manhattan Plaza**  
**New York, N.Y. 10005**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **12/23/81** at **10:55am**, and assigned re-recording number(s). **13376, 13376-A, 13376-B, 13376-C & 13376-D**

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

See - Epts

13376

RECORDATION NO. .... Filed 1425

DEC 23 1981 10 52 AM

INTERSTATE COMMERCE COMMISSION

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[CS&M Ref: 2044-189]

RECONSTRUCTION AND CONDITIONAL SALE  
AGREEMENT

Dated as of October 25, 1981

Among

FIRST SECURITY BANK OF UTAH, N.A.,  
not in its individual capacity but  
solely as Agent,

SEABOARD COAST LINE  
RAILROAD COMPANY,  
Builder,

and

FIRST SECURITY STATE BANK,  
not in its individual capacity but solely as trustee under  
a Trust Agreement with LITTON EQUITY INVESTMENTS, ALPHA INC.  
dated the date hereof

Vendee.

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RECONSTRUCTION AND CONDITIONAL  
SALE AGREEMENT

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\* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

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Exhibit A--Specifications of the Hulks



RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT dated as of October 25, 1981, among FIRST SECURITY BANK OF UTAH, N.A., a national banking association, not in its individual capacity but solely as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof (the "Participation Agreement"), SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (the "Builder") and FIRST SECURITY STATE BANK, a Utah banking corporation, not in its individual capacity but solely as trustee (the "Vendee") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with LITTON EQUITY INVESTMENTS, ALPHA INC. (the "Owner").

The Vendee proposes to acquire all right, title and interest in certain railroad equipment (the "Hulks") from the Builder pursuant to a Hulk Purchase Agreement (the "Hulk Purchase Agreement") in substantially the form of Exhibit D hereto, and pursuant to the Transfer Agreement (as hereinafter defined) will transfer security title of the same to the Vendor for the purpose of reconstructing the Hulks (the Hulks as reconstructed as described in Schedule A hereto, upon delivery, acceptance and settlement under this Agreement, being hereinafter called the "Equipment").

The Vendor will acquire security title to the Hulks pursuant to a Transfer Agreement (the "Transfer Agreement") in substantially the form of Exhibit A hereto, for the purpose of causing the same to be reconstructed as described herein and will thereupon sell such security title to the Vendee and the Vendee hereby agrees to purchase such security title in accordance with the terms of this Agreement. The Vendor's security title in any Hulk acquired pursuant to the Transfer Agreement shall not, prior to completion of reconstruction of such Hulk and settlement therefor pursuant hereto, be deemed to be collateral for the Vendee's obligations hereunder or for the Lessee's obligations under the Lease.

The Vendee will deliver the Hulks to the Builder and the Vendee will have the Builder reconstruct the Hulks in accordance with the Vendee's specifications and as required hereby to enable delivery of the Equipment to be made to the Vendee in accordance herewith.

The Vendee and the Builder, in its capacity as a railroad (the "Lessee"), are entering into a Lease of Railroad Equipment (the "Lease") in substantially the form of Exhibit B hereto, pursuant to which the Vendee is leasing the Equipment to the Lessee, subject to this Agreement, and the Vendee is assigning for security purposes its rights in, to and under the Lease to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") in substantially the form of Exhibit C hereto. The rights acquired by the Vendor pursuant to this Agreement shall be and are acquired for the benefit of the Investors identified in the Participation Agreement for whom the Vendor is acting as Agent pursuant to the terms of such Participation Agreement.

In consideration of the agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Reconstruction and Sale. The Vendee will deliver the Hulks to the Builder immediately after the purchase thereof under the Hulk Purchase Agreement. Pursuant to this Agreement, the Builder will reconstruct the Hulks into the Equipment as described in Schedule A hereto and will deliver the Equipment to the Vendee on behalf of the Vendor and the Vendee will accept delivery of and pay for the Equipment as hereinafter provided, each unit of which shall be standard gauge railroad equipment reconstructed in accordance with the Vendee's specifications referred to in Schedule A hereto and in accordance with such modifications thereof as may be authorized by the Vendee (which specifications and modifications, if any, are by reference made a part of this Agreement as fully as though expressly set forth herein and are hereinafter called the "Specifications"). The Builder warrants to the Vendor and the Vendee that the design, quality and component parts of the Equipment will conform, on the date of delivery of each thereof, to the Specifications and to all Department of Transportation and Interstate Commerce Commission requirements and specifications, and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of the Equipment as of the date of such delivery.

ARTICLE 2. Inspection and Delivery. The Builder will deliver the units of the Equipment, on behalf of the Vendor, to the Vendee at such point or points within the United States of America specified in Schedule A hereto on or prior to the Cut-Off Date (as hereinafter defined), freight charges, if any, prepaid; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement, the Transfer Agreement, the Lease and the Lease Assignment have been filed pursuant to 49 U.S.C. § 11303. The Builder agrees not to tender for sale any Hulk under the Hulk Purchase Agreement or to commence any reconstruction of any Hulk if the Builder (A) does not reasonably anticipate that such Hulk will be fully reconstructed within 90 days following such commencement of reconstruction, and in any event prior to July 30, 1982, (B) has received written notice from the Owner, the Vendee or the Vendor (a) of the occurrence of any event of default as defined in Article 11 hereof or any event (including the commencement of any proceeding or the filing of any petition of the nature specified in subparagraphs (c) and (d) of Article 11 hereof) which, with lapse of time, failure to take affirmative action and/or demand, could constitute an event of default hereunder shall have occurred, (b) that any of the conditions contained in Paragraph 6 or 7 of the Participation Agreement have not been met or waived or (c) that the Vendee is no longer obligated under the terms of the Hulk Purchase Agreement to accept delivery of and to pay for any additional Hulks thereunder for any of the reasons therein provided or (d) has received written notice from the Lessee, the Vendor, the Owner or the Vendee that there has been a material adverse change in the business, operations or the financial condition of the Lessee from that which existed on December 31, 1980; or (C) the Purchase Price (as defined in Article 3 hereof) of such Hulk when reconstructed, when added to the aggregate Purchase Price when reconstructed of all other Hulks which previously have been validly accepted under the Hulk Purchase Agreement, would exceed the Maximum Purchase Price (as defined in Article 3 hereof).

During reconstruction, including, without limitation, all phases of fabrication and assembly, the Hulks, all

materials used in the reconstruction of the Equipment and all work thereon shall be subject to inspection and approval by the Vendee; provided, however, that any inspection or failure to inspect by the Vendee shall not affect any of its rights hereunder. The Builder shall grant to the authorized inspectors of the Vendee access to all portions of its plant where Hulks are being reconstructed and shall furnish the Vendee with semimonthly reports concerning the progress of the reconstruction. Upon completion of each unit or of a number of units of the Equipment, the authorized inspector of the Vendee shall inspect such unit or units at the place specified for delivery of such unit or units, and if each such unit conforms to the specifications, requirements and standards applicable thereto, such authorized inspector of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (a "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 8 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 9 hereof.

ARTICLE 3. Purchase Price and Payment. The cost of the Hulks (the "Hulk Purchase Price") and the estimated base reconstruction cost per unit of the Equipment are set forth in Schedule A hereto. The term "Reconstruction Cost" as used herein shall mean the base reconstruction cost per unit set forth in Schedule A hereto, as increased or decreased by agreement among the Builder, the Vendor and the Vendee, but the aggregate Reconstruction Cost shall in no event exceed the lesser of (i) the actual cost to the Builder of doing the reconstruction work plus a reasonable overhead and profit factor or (ii) \$3,801,600 in the aggregate. The term "Purchase Price" as used herein means the sum of the Hulk Purchase Price and the Reconstruction Cost and the "Maximum Purchase Price" shall be \$4,281,600.

For the purpose of settlement therefor, the Equipment shall be divided into groups of units of the Equipment with each group (other than the last group) having a Purchase Price of at least \$1,000,000, unless the Vendee, the Vendor and the Builder shall otherwise agree (each such group being hereinafter called a "Group"). The term "Closing Date" with respect to any Group shall mean such date, not later than January 31,

1983 (the "Cut-Off Date"), occurring not more than ten business days following presentation by the Builder to the Vendee of the invoice (addressed to the Vendor and approved as to price by the Vendee) and the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Builder by written notice delivered to the Vendee and the Vendor at least three business days prior to the Closing Date designated therein. The parties hereto will, so far as is practicable, attempt to comply with the schedule of estimated Closing Dates set forth in Schedule B hereto. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays, holidays and any other day on which banking institutions in Stamford, Connecticut, Jacksonville, Florida, Salt Lake City, Utah or New York, New York, are authorized to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay (and the Builder is hereby constituted a third party beneficiary of such obligation) in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of each Group of the Equipment, as follows:

(a) in 30 semiannual installments, as hereinafter provided, an amount (the "CSA Indebtedness") equal to 61.152455% (or, in the event of a Tax Change (as hereinafter defined) such lesser amount as is determined pursuant to the fifth paragraph of this Article 3) of the aggregate of the Purchase Prices of the units of the Equipment in the Group for which settlement is then being made as set forth in the Invoice or Invoices therefor (the "Invoiced Purchase Prices"); and

(b) on the Closing Date with respect to each Group an amount (the "Down Payment") equal to the aggregate Purchase Price of such Group, less the amount payable pursuant to subparagraph (a) of this paragraph; provided, however, that the Vendee shall not be required to make such payment until there shall have been delivered to the Vendor on or prior to such date the documents required to be delivered

thereto pursuant to the ninth paragraph of this Article 3.

The installments of the CSA Indebtedness shall be payable on each February 1 and August 1 commencing February 1, 1983, to and including August 1, 1997, or, if any such date is not a business day, on the next succeeding business day (each such date being hereinafter called a "Payment Date"). The unpaid balance of the CSA Indebtedness shall bear interest from the Closing Date upon which such CSA Indebtedness was incurred through September 30, 1982, at the prime rate (floating) charged by First National Bank of Minneapolis (the "Bank") with each change in the Bank's prime rate taking effect as of the opening of business on the date of such change; and thereafter the rate for each week shall be the higher of (i) 3% above the average prime rate for the preceding week charged by the Bank to be calculated on October 1, 1982, and thereafter at the end of each week, or (ii) 4% above the 90-day secondary certificate of deposit rate, as published weekly by the New York Federal Reserve Bank to be determined on October 1, 1982, and thereafter during each week (all of the above rates, including the higher rate after September 30, 1982, together the "Original Rate"). Such interest shall be payable, to the extent accrued, on August 1, 1982, and on each Payment Date. The installments of principal payable on each Payment Date shall be calculated as set forth in Schedule I hereto and the aggregate of such installments of principal will completely amortize the CSA Indebtedness. Promptly following the earlier of the last Closing Date or the Cut-Off Date, the Vendee will furnish to the Vendor and the Lessee a payment schedule showing the amount of principal payable on each Payment Date.

In the event that by reason of an amendment to the Internal Revenue Code of 1954, as amended, which is enacted and effective prior to August 1, 1982 ("Tax Change"), there is a material increase in the Owner's after-tax return on and rate of recovery of investment and annual net cash flows from that which the Owner would have realized on its aggregate investment in the Trust Estate had such amendment not been adopted, then (subject to the satisfaction of the conditions set forth in this paragraph), the Vendee shall (i) prior to the last Closing Date, increase its Down Payment up to but not exceeding 40% of the aggregate Purchase Price and/or (ii) before the last Closing Date (if the increase in Down Payment is not sufficient for purposes

of this paragraph) and after the last Closing Date promptly prepay a portion of the principal amount of the CSA Indebtedness (without premium) with interest accrued to the prepayment date (provided, however, that such increase in Down Payment and such prepayment of CSA Indebtedness together shall not result in the Vendee supplying more than 40% of the aggregate Purchase Price) in order that the rentals and Casualty Value percentages payable under the Lease may be adjusted so as to provide the Owner with substantially the same (but not less) net after-tax return on and rate of recovery of investment and annual net cash flows which the Owner would have received on its aggregate investment in the Trust Estate had such amendment not been adopted (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Owner in establishing the Lease rentals and Casualty Value percentages when it approved transactions contemplated by the Participation Agreement), provided, that the Owner shall preserve the earnings theretofor booked by the Owner. The amount of such additional Down Payment and the amount of such adjustment in rentals and Casualty Values shall be determined by the Owner, which determination shall be binding upon the parties hereto if the Owner shall certify in writing to them that such amounts were determined by the Owner in good faith compliance with the provisions of this paragraph. In the event that the Vendee prepays a portion of the CSA Indebtedness, the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made in respect of the then remaining CSA Indebtedness in such number of counterparts as the Vendor may request. The restructuring of the debt-equity ratio pursuant to this paragraph shall be subject to the satisfaction of the following conditions:

(i) payment in full of all other amounts then due and owing under this Agreement and the other Documents (as defined in the Participation Agreement);

(ii) no event of default under this Agreement or Event of Default under the Lease or event which with notice or lapse of time or both would constitute any such event of default or Event of Default shall have occurred and be continuing;

(iii) such restructuring, all action taken pursuant to or to effect such restructuring, and the terms of any amendments to this Agreement, and of any other Document or instrument required in connection with such restructuring, shall not, individually or in the aggre-

gate, in the reasonable opinion of such party, materially adversely affect such party or the interests of such party acquired pursuant to the Documents and the transactions contemplated thereby and shall not, in the opinion of the Owner, cause or result in any adverse tax consequence to it;

(iv) the rentals payable under the Lease (including both the Fixed Rental Amount and the Variable Rental Amount) and the Casualty Values (as such terms are defined in the Lease) shall be adjusted to such respective amounts as, taking into account the remaining semiannual rental payment dates, will be sufficient to pay the principal of and interest on the CSA Indebtedness;

(v) each such party shall have received such opinions of counsel (including, without limitation, as to tax matters), certificates and other documents as it may reasonably request, each in form and substance satisfactory to such party;

(vi) all necessary authorizations, approvals and consents shall have been obtained;

(vii) the Lessee shall have provided or agreed to provide to the Vendee as supplemental rent under the Lease, sufficient funds to pay the costs and expenses referred to in the following sentence; and

(viii) the Tax Indemnity Agreement (as defined in the Participation Agreement) shall be modified to indemnify the Owner for any loss of benefits which are claimed by the Owner as a result of the Tax Change.

The Vendee shall pay, from funds supplied to it by the Lessee, all costs and expenses of each party to the Participation Agreement, including the reasonable fees and expenses of their respective counsel, incurred in connection with such restructuring.

Interest under this Agreement shall be determined on the basis of a 360-day year of 12 30-day months, except that interest due on August 1, 1982, shall be calculated on an actual elapsed day, 365-day year, basis.

The Vendee will pay interest at the rate of 1% over the Original Rate per annum, to the extent legally enforceable, upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the



terms hereof, anything herein to the contrary notwithstanding (the "Penalty Rate").

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall be made by bank wire transfer of Federal or other funds immediately available at, and not later than, 10:00 a.m. Utah time. The Vendee shall not have the privilege of prepaying any portion of the CSA Indebtedness prior to the date it becomes due; provided, however, that the CSA Indebtedness may be prepaid as provided for in the fifth paragraph of this Article 3, in clause (i) of the first paragraph of Article 11 and in Article 5 hereof.

On the Closing Date with respect to each Group, an amount equal to the Invoiced Purchase Prices of such Group shall be paid in immediately available funds by the Vendor to the Builder (in its capacity as Builder hereunder and in its capacity as Seller under the Hulk Purchase Agreement) from (y) the amounts available to the Vendor under and pursuant to the terms of the Participation Agreement to make payments on such Closing Date in amounts equal to the CSA Indebtedness and (z) the Down Payment payable by the Vendee pursuant to clause (b) of the third paragraph of this Article 3; provided that there shall have been delivered to the Vendor the following documents (in addition to copies of the documents referred to in the fifth paragraph of the Hulk Purchase Agreement), in form and substance satisfactory to it and its special counsel:

(a) the Certificate or Certificates of Acceptance contemplated by Article 2 hereof and Section 1 of the Lease with respect to the Equipment in such Group;

(b) invoices of the Builder for the reconstruction of the Equipment in the Group and invoices of the Builder (in its capacity as Seller under the Hulk Purchase Agreement) for the Hulks, accompanied by, or having endorsed on such invoices or copies thereof the approval of the Vendee of the price stated therein and a certification by the Builder that the Invoiced Purchase Prices have been calculated as provided in

the first paragraph of this Article 3 and do not exceed the prices that would be charged by an independent car builder for comparable equipment;

(c) a favorable opinion of counsel for the Builder, dated as of such Closing Date, stating that at the time of delivery of the units of the Equipment in such Group on behalf of the Vendor to the Vendee hereunder, title to such Equipment was free of all claims, liens, security interests and other encumbrances of the Builder or of anyone claiming through the Builder; and

(d) a favorable opinion of counsel for the Builder dated as of such Closing Date, stating that title to the Hulks from which such Equipment in such Group were reconstructed was vested, at the time of delivery under the Hulk Purchase Agreement, in the Vendee and was free of all claims, liens, security interests and other encumbrances of any nature whatsoever except for those arising under this Agreement or the Exhibits hereto, together with a favorable opinion of Messrs. Wilmer, Cutler & Pickering addressed to the Vendor, the Vendee and the Owner regarding their search of the Interstate Commerce Commission files in respect of the Hulks and the Equipment.

The obligation of the Vendor to make payment for the Equipment is expressly conditioned on the Vendee having made the Down Payment to the Vendor required by subparagraph (b) of the third paragraph of this Article 3. Notwithstanding anything to the contrary herein expressed or implied, the parties hereto agree that the Vendor shall have no obligation with respect to the reconstruction of the Hulks and delivery of the Equipment hereunder to the Vendee.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 11 and 12 hereof), but not limiting the effect of Article 18 hereof, the Vendor agrees that the liability of the Vendee or any assignee of the Vendee for all payments to be made by it under this Agreement, with the exception only of the payments to be made pursuant to subparagraph (b) of the third paragraph of Article 3, the interest payment due on August 1, 1982 (which shall be payable out of funds furnished by the Owner pursuant to Section

1.03 of the Trust Agreement), and the obligations set forth in Paragraph 18B of the Participation Agreement, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein, the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 11 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 5 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under Section 9 or any other provision of the Lease and (b) any and all payments or proceeds received by the Vendee under the Lease or received by the Vendee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee and as shall be required to discharge (A) the portion of the CSA Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease, (B) any other payments then due and payable under this Agreement and (C) any of the obligations of the Vendee under this Agreement, the Owner and the Vendee under the Participation Agreement or the Lessee under the Lease to which the Vendor is entitled to apply Payments (as defined in Paragraph 1 of the Lease Assignment) under the Lease Assignment, it being understood that "income and proceeds from the Equipment" shall in no event include Excluded Payments (as defined in Paragraph 1 of the Lease Assignment). Notwithstanding anything to the contrary contained in Articles 11 and 12 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment against the Vendee to amounts payable pursuant to the limitations set forth in this paragraph. It is further agreed by the parties hereto that nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon

and all other payments and obligations hereunder or to proceed against the Lessee under the Lease or the Consent.

ARTICLE 4. Security Title to the Hulks; Security Interest in the Equipment. Pursuant to the Transfer Agreement, the Vendor has security title to the Hulks delivered to the Builder hereunder for reconstruction and shall continue to retain such security title (subject to the provisions of the Transfer Agreement) during the entire period that the Hulks are being reconstructed. Upon reconstruction of the Hulks and delivery, acceptance and settlement for the related Equipment pursuant hereto, the Vendor shall and hereby does retain a security interest in the Equipment until (i) the Vendee shall have made all its payments under this Agreement in respect of the Equipment and the Vendee and the Owner shall have made all their respective payments under the Participation Agreement and shall have kept and performed all their respective agreements herein and therein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee or the Owner and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease, and (ii) the Lessee shall have satisfied all its obligations to the Vendor and any Investor under any provision of the Lease. Notwithstanding the Vendor's retention of security title to the Hulks during the reconstruction period, the Vendor shall not have a security interest in any reconstructed Hulks which are not delivered, accepted and settled for pursuant hereto. Any and all additions, modifications and improvements to the Hulks and the Equipment, and any and all parts installed on and additions and replacements made to any unit of the Hulks prior to their delivery and acceptance hereunder, shall constitute accessions thereto and shall be subject to all the terms and conditions of this Agreement and included in the terms "Hulk" or "Equipment", as the case may be, as used in this Agreement, except for any additions, modifications and improvements which, under the provisions of Section 8 of the Lease, are owned by the Lessee.

Except as otherwise specifically provided in Article 5 hereof, when and only when the Vendor shall have been paid the full CSA Indebtedness, together with interest and all other payments as herein provided, and all the Vendee's obligations herein contained and all the Lessee's obligations to the Vendor and the Investors contained in the Lease shall have been performed, all rights and

interests of the Vendor in the Equipment shall be released and discharged to the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (a) execute and deliver to the Vendee documents covering the Equipment releasing its security interest therein to the Vendee, free of all claims, rights, liens, security interests and other encumbrances created or retained hereby and (b) execute and deliver to the Vendee for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to such Equipment. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such release documents or instrument or instruments or to file any such certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such release documents or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 5. Casualty Occurrences. In the event that any unit of the Equipment shall suffer a Casualty Occurrence (as defined in Section 6 of the Lease), the Vendee shall, within 30 days after it shall have actual knowledge in its Corporate Trust Department that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. Notwithstanding any such Casualty Occurrence, the Vendee shall continue making payment of all installments of principal and interest in respect of such unit until the next succeeding date for the payment of interest on the CSA Indebtedness (a "Casualty Payment Date"). On such date the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied on the date that such Casualty Value is paid (after the payment of the interest and principal due on such date) to prepay without penalty or premium the unpaid balance of the CSA Indebtedness with respect to such unit or units (in the manner provided in the second paragraph of Paragraph 10 of the Participation Agreement), and the Vendee will promptly furnish to the Vendor and the Lessee a revised

schedule of payments of principal and interest thereafter to be made in respect of the remaining units in such number of counterparts as the Vendor may request.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, all rights and interests of the Vendor in such unit shall be released and discharged, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument, confirming such release and discharge of all the Vendor's right and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original CSA Indebtedness with respect to such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit of Equipment), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of CSA Indebtedness in respect of Equipment made pursuant to Article 3 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of all the units of Equipment.

If the Vendor shall receive any insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence, the Vendor shall, subject to the Vendor having received payment of the Casualty Value hereunder, pay such insurance proceeds or condemnation payments to the Vendee. All insurance proceeds or condemnation payments received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 6. Inspections. The Vendor shall have the right, by its agents, to inspect the Equipment and the Vendee's and Lessee's records with respect thereto at such reasonable times as the Vendor may request during the continuance of this Agreement.

ARTICLE 7. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement and the Lease.

The parties hereto acknowledge that the Vendee simultaneously herewith is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinate and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. The Vendee shall have no right to lease or sublease the Equipment other than the Lease to the Lessee.

ARTICLE 8. Prohibition Against Liens. The Vendee agrees that if either the Owner or the Vendee fails to comply with their respective obligations to discharge liens, encumbrances or other security interests on the Trust Estate pursuant to Paragraphs 18A and 18B of the Participation Agreement that those sums due pursuant to such obligations shall be secured by the Trust Estate.

ARTICLE 9. Indemnities and Warranties. The Vendee will not be released from its obligations hereunder in the event of any damage to, or the destruction or loss of, any unit of or all the Equipment.

THE VENDOR MAKES NO WARRANTIES WHETHER WRITTEN, ORAL, STATUTORY OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE HULKS OR THE EQUIPMENT OR IN CONNECTION WITH THIS AGREEMENT OR THE DELIVERY OF THE EQUIPMENT AND SALE OF SECURITY TITLE HEREUNDER.

The Builder warrants that the Hulks will be reconstructed in accordance with the Specifications and standards set forth or referred to in Article 1 hereof and warrants that the Equipment will be free from defects in

material or workmanship or design under normal use and service. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, WITH RESPECT TO RECONSTRUCTION, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The Builder agrees to and does hereby, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendor and, subject to the rights of the Vendor under this Agreement, to the Vendee, every claim, right and cause of action which the Builder has or hereafter shall have against any party who shall perform any of the reconstruction of the Hulks and the Builder agrees to execute and deliver to the Vendor and the Vendee all and every such further assurance as may be reasonably requested more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action.

The Builder agrees to indemnify, protect and hold harmless the Vendor, the Owner, the Investors and the Vendee (in both its individual and fiduciary capacities) from and against any and all liability, including, without limitation, strict or absolute liability in tort or by statute imposed, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, the Owner and the Vendee (i) because of the use in or about the construction or operation of the Equipment or the reconstruction of the Hulks, or any unit thereof, of any design, article or material infringing or claimed to infringe on any patent or other right or (ii) arising out of any accident or tort in connection with the reconstruction, operation, use, condition, possession or storage by the Builder of any of the Hulks or any unit of the Equipment resulting in damage to property or injury or death to any person. The Vendor or the Vendee will give notice to the Builder of any claim as to which it has received actual notice from which liability may be charged against the Builder under this paragraph.

The indemnities made in this Article 9 by the Builder shall not be modified, abated, postponed or in any other way or in any manner diminished or reduced as a consequence of any action or inaction of the Vendee, the Owner, the Vendor or the Investors in connection with, relating to, or arising out of the rights (whether or not exercised) of any such party to inspect or approve the reconstruction to be performed by the Builder pursuant to this Agreement. Such



indemnities shall in all events, and in addition to the agreements contained elsewhere in this Article 9, extend to and apply to any allegation against any indemnified party that it has been negligent, either actively or passively, or is guilty of a breach of other duty, including, without limitation, any breach of warranty or breach of contract, to any person or organization.

The warranties and indemnities of the Builder contained or referred to in this Article 9 and in any other Articles hereof and all other covenants and obligations of the Builder contained in this Agreement shall inure to the benefit of, and be enforceable by the Vendee (in both its individual and fiduciary capacities), the Vendor, the Owner, the Investors, any lessor, lessee, assignee or transferee of this Agreement or of any units of the Equipment reconstructed by the Builder hereunder.

ARTICLE 10. Assignments. The Vendee will not (a) except as provided in Article 7 hereof or the Trust Agreement, transfer the right to possession of any unit of the Equipment.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to reconstruct the Equipment on behalf of the Vendor and the Vendee and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or referred to in Article 9 hereof or relieve the Vendee of its obligations to the Builder or diminish the rights of the Vendee contained or referred to in this Agreement.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the

notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct and shall constitute full compliance with the terms of this Agreement. The Vendee may rely upon instruments or documents which it believes in good faith to be true and authentic.

ARTICLE 11. Defaults. In the event that any one or more of the following events of default shall occur and be continuing (irrespective of the provisions of Article 3 or 18 hereof or any other provision of this Agreement limiting the liability of the Vendee), to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder and such default shall continue for 10 days; or

(b) the Vendee, the Owner or the Lessee shall, for more than 30 days after the Vendor shall have demanded in writing (sent to both the Lessee, the Owner and the Vendee) performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision (other than provisions made solely for the benefit of persons other than the Vendor or the Investors) of this Agreement, the Participation Agreement, the Transfer Agreement, the Hulk Purchase Agreement or the Lease Assignment on its part to be kept and performed and the Vendee or the Lessee shall have failed to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Agreement, the Lease and the Consent shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as

expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. § 1168, or any successor provision, as the same may hereafter be amended; or

(d) any other proceeding shall be commenced by or against the Vendee in its trust capacity, the Owner or the Lessee for any relief which includes, or might result in, any modification of the obligations hereunder or under the Lease Assignment, the Transfer Agreement, the Lease, Consent, the Trust Agreement or the Participation Agreement of the Vendee, the Owner or the Lessee, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee, the Owner or the Lessee, as the case may be, hereunder and thereunder shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Vendee, the Owner or the Lessee, as the case may be, or for their respective property in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(e) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; or

(f) any Event of Default shall have occurred under the Lease; provided, however, no event of default shall be deemed to have occurred hereunder if such Lease Event of Default under the Lease shall have arisen as a result of the failure of the Lessee to make any Excluded Payment (as defined in the Lease Assignment) unless and until the Owner shall notify the Vendor in writing that it deems such failure to be an event of default, provided further, however, that an Event of Default under the Lease (other than an Event of Default under Section 9A of the Lease) shall not be deemed to be an event of default hereunder if such default under the Lease causing such Event of Default thereunder is cured by the Vendee's remedying such default prior to the expiration of 5 days after the date of the occurrence of such Event of Default under the Lease, and provided further, however, that an Event of Default under Section 9A of the Lease shall not be deemed to be an event of default hereunder if (i) not more than 6 such Events of Default shall have occurred and not more than 3 such Events of Default shall have occurred on consecutive dates and (ii) the Vendee shall not be in default under the provisions of clause (a) of this Article 11.

then at any time after the occurrence of such an event of default the Vendor may upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease to terminate effective 30 days after such notice if the Vendee shall have failed to pay or cause to be paid during such 30-day period the entire unpaid CSA Indebtedness, together with interest thereon then accrued and unpaid (including interest thereon at the Penalty Rate, or such lesser amount as shall be legally enforceable, to the extent that such payments of the CSA Indebtedness are overdue) and all other amounts then payable hereunder, but the Lessee shall remain liable as therein provided and/or (ii) declare (a "Declaration of Default") the entire unpaid CSA Indebtedness together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 3 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the CSA Indebtedness, with interest as aforesaid, and to collect such judgment out of the Trust Estate, subject to the limitations of Articles 3 and 18 hereof, wherever situated.

Notwithstanding anything to the contrary contained herein, upon any failure by the Builder to pay or perform any of its obligations hereunder to the Owner or the Vendee with respect to any Hulk or the reconstruction thereof, the Vendee or the Owner may exercise any right or remedy with respect thereto which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof; provided that neither the Vendee nor the Owner may take any action hereunder with respect to the Trust Estate or any unit of Equipment or any action whatsoever under Articles 11 or 12 hereof, unless it shall have received the prior written consent of the Vendor.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 12. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, upon such further notice and action, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 12 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee, subject to all mandatory requirements of due process of law. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 12 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire CSA Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Owner by telegram or registered mail, addressed as provided in Article 17 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the CSA Indebtedness together with interest thereon accrued and unpaid and all other payments due under this Agreement (and all obligations of the Lessee under any provisions of the Lease to the Vendor or any Investor shall have been satisfied or provision therefor satisfactory to the Vendor and the Investor shall have been made), then in such event all rights and interests of the Vendor in the Equipment shall be released and discharged; provided, further, that if the Vendee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 12.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee and the Owner and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee or any other party claiming from, through or under the Vendee at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that

if, prior to such sale and prior to the making of a contract for such sale, the Vendee or the Owner should tender full payment of the total unpaid balance of the CSA Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees (and all obligations of the Lessee under any provisions of the Lease to the Vendor or any Investor shall have been satisfied or provision therefor satisfactory to the Vendor and the Investor shall have been made), then in such event the rights and interests of the Vendor in the Equipment shall be immediately released and discharged. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement and the balance shall be paid to the Vendee.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor, the Owner or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Owner shall be given written notice of such sale not less than ten days prior thereto by telegram or registered mail, addressed as provided in Article 17 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Vendee or the Owner to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser thereof, it shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 12), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the provisions of the last paragraph of Article 3 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment, at the rate per annum specified in Article 3 hereof as being applicable to amounts remaining unpaid after becoming due and payable, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Articles 3 and 18 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay, but only out of the Trust Estate, all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, the Vendor may recover, but only out of the Trust Estate, reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 12 are



subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 13. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction which is not overridden by applicable Federal law shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 14. Filing. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of special counsel for the Vendor, of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 15. Article Headings. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

ARTICLE 16. Effect and Modification of Agreement. Except for the Participation Agreement, this Agreement, including any annexes or schedules or exhibits hereto, exclusively and completely states the rights of the parties hereto with respect to the Hulks and the Equipment

and supersedes all other agreements oral or written, with respect to the Hulks and the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the parties hereto.

ARTICLE 17. Notices. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its place of business at the following specified addresses:

(a) to the Vendor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department,

(b) to the Owner, at 600 Summer Street, Stamford, Connecticut 06904, Attention of Vice President--Special Financing,

(c) to the Vendee, 79 South Main Street, Salt Lake City, Utah 84111, Attention of Corporate Trust Department,

(d) to the Builder and the Lessee, at 500 Water Street, Jacksonville, Florida 32202, Attention of Director of Finance,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 18. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, beneficiary, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, beneficiaries, stockholders, directors or officers being forever released as a condition of and as consideration for the execution of this Agreement.

Notwithstanding anything herein to the contrary,

each of the representations, warranties, undertakings and agreements herein made on the part of the Vendee are made and intended not as personal representations, warranties, undertakings and agreements by First Security State Bank or for the purpose or with the intention of binding said bank or the Owner personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said bank not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank (except in the case of wilful misconduct or gross negligence on the part of said bank) or the Owner hereunder (except, with respect to each such party, in connection with the payment or discharge of taxes, claims, liens, charges or security interests claimed from, through or under such party pursuant to paragraphs 18A and 18B of the Participation Agreement and except, with respect to the Owner the Down Payment referred to in Article 3 hereof and the interest payable on the CSA Indebtedness on August 1, 1981) on account of this Agreement or the Trust Agreement or on account of any representation, warranty, undertaking or agreement of the said bank hereunder, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and the Builder and by all persons claiming by, through or under the Vendor or the Builder.

It is also expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that this Agreement is executed and delivered by the Agent, not in its individual capacity but solely as Agent under the Participation Agreement.

ARTICLE 19. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 20. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It is not necessary that the parties hereto all sign the same counterpart as long as each party shall sign a counterpart and such counterpart is delivered

to the Vendor or its counsel, whereupon this Agreement shall become effective. Although this Agreement is dated as of the date set forth on the cover hereof, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

FIRST SECURITY BANK OF UTAH,  
N.A.,  
not in its individual capacity  
but solely as Agent,

by

\_\_\_\_\_  
Authorized Officer

[Seal]

Attest:

\_\_\_\_\_  
Authorized Officer

SEABOARD COAST LINE RAILROAD  
COMPANY,

by

\_\_\_\_\_  
Senior Vice President-  
Finance

[Corporate Seal]

Attest:

\_\_\_\_\_  
Assistant Secretary




FIRST SECURITY STATE BANK,  
not in its individual capacity  
but solely as Trustee,

by

  
Authorized Officer

[Corporate Seal]

Attest:

  
Authorized Officer

FIRST SECURITY STATE BANK,  
not in its individual capacity  
but solely as Trustee,

by

\_\_\_\_\_  
Authorized Officer

[Corporate Seal]

Attest:

\_\_\_\_\_  
Authorized Officer

STATE OF UTAH,           )  
                                  )  
COUNTY OF SALT LAKE,)

On this           day of           1981, before me personally appeared           , to me personally known, who, being by me duly sworn, says that he is an authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

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Notary Public

My Commission Expires

STATE OF FLORIDA, )  
                                  ) ss.:  
COUNTY OF DUVAL, )

On this           day of           1981, before me personally appeared Alex J. Mandl, to me personally known, who, being by me duly sworn, says that he is Senior Vice President-Finance of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

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Notary Public

My Commission Expires



STATE OF UTAH, )  
COUNTY OF SALT LAKE,) )

On this 14<sup>th</sup> day of Dec. 1981, before me personally appeared Fuchsia B Eickers, to me personally known, who, being by me duly sworn, says that he is an authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Randy R Marham  
Notary Public

My Commission Expires 7-8-82

STATE OF FLORIDA, )  
 ) ss.:  
COUNTY OF DUVAL, )

On this            day of            1981, before me personally appeared Alex J. Mandl, to me personally known, who, being by me duly sworn, says that he is Senior Vice President-Finance of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

## My Commission Expires

STATE OF UTAH,                    )  
                                      ) ss.:  
COUNTY OF SALT LAKE,)

On this 14<sup>th</sup> day of Dec. 1981, before me personally appeared Beverly Larson, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Randy R Maunant  
Notary Public

My Commission Expires: 2-8-82

**STATE OF UTAH,** )  
                     ) ss.:  
**COUNTY OF SALT LAKE,**)

On this                    day of                    1981, before me personally appeared                    , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, and that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

**My Commission Expires:**

# SCHEDULE I

## Principal Payable on Each \$1,000,000 of CSA Indebtedness Payable in Installments from February 1, 1983, Through August 1, 1997

<u>Payment No.</u>	<u>Date Due</u>	<u>Principal Balance (Before Payment)</u>	<u>Principal Payment</u>
	August 1, 1982	\$1,000,000.00	\$ -- *
1	February 1, 1983	1,000,000.00	13,547.90
2	August 1, 1983	986,452.10	14,513.19
3	February 1, 1984	971,938.91	15,547.25
4	August 1, 1984	956,391.66	16,654.99
5	February 1, 1985	939,736.67	17,841.66
6	August 1, 1985	921,895.01	19,112.88
7	February 1, 1986	902,782.13	20,474.67
8	August 1, 1986	882,307.46	21,933.49
9	February 1, 1987	860,373.97	18,272.62
10	August 1, 1987	842,101.35	19,551.38
11	February 1, 1988	822,549.97	19,205.17
12	August 1, 1988	803,344.80	20,542.56
13	February 1, 1989	782,802.24	20,203.94
14	August 1, 1989	762,598.30	21,604.39
15	February 1, 1990	740,993.91	16,573.97
16	August 1, 1990	724,419.94	36,530.50
17	February 1, 1991	687,889.44	31,842.21
18	August 1, 1991	656,047.23	34,010.01
19	February 1, 1992	622,037.22	33,740.11
20	August 1, 1992	588,297.11	36,030.75
21	February 1, 1993	552,266.36	35,772.97
22	August 1, 1993	516,493.39	38,195.44
23	February 1, 1994	478,297.95	36,128.28
24	August 1, 1994	442,169.67	38,554.30
25	February 1, 1995	403,615.37	36,693.38
26	August 1, 1995	366,921.99	39,138.59
27	February 1, 1996	327,783.40	56,414.31
28	August 1, 1996	271,369.09	84,306.84
29	February 1, 1997	187,062.25	90,313.70
30	August 1, 1997	96,748.55	96,748.55
			<u>\$1,000,000.00</u>

\* Interim Interest only.

# RECONSTRUCTION AND CONDITIONAL SALE AGREEMENT

## Schedule A—Specifications of the Equipment\*

Quantity	Mechanical Designation	Description	Old Railroad	New Railroad	Hulk Purchase Price		Estimated Base Reconstruction Cost		Estimated Purchase Price	
			Road Numbers (Inclusive)	Road Numbers (Inclusive)	Per Unit	Total	Per Unit	Total	Per Unit	Total
12	GP-7 and GP-9	Diesel Electric Locomotive	SCL 700-1002 SCL 1003-1054 SCL 1056-1065		\$40,000	\$480,000	\$288,000	\$3,456,000	\$328,000	\$3,936,000
	As Rebuilt: GP-16			SCL 4637-4639 SCL 4778-4786						
									Total	<u>\$3,936,000</u>

R-33

Builder's Specifications and Place of Delivery: Waycross, Georgia, or Tampa, Florida. Specifications attached.

\* Notwithstanding anything herein to the contrary, this Schedule A and the Reconstruction and Conditional Sale Agreement to which this Schedule A is attached (this "Agreement") will cover only those units of Equipment that are reconstructed by the Builder from Hulks delivered pursuant to the Hulk Purchase Agreement and that are settled for pursuant to this Agreement. After delivery of all Equipment covered by this Agreement, this Schedule A will be amended (and a supplement will be filed with the Interstate Commerce Commission) to describe only those units of Equipment covered by this Agreement and to designate the particular Railroad Road Numbers thereof.

## Schedule A

### STATEMENT OF RECONSTRUCTION SPECIFICATIONS-- ELECTRIC DIESEL LOCOMOTIVES

Reconstruction will be performed to all components as required to restore the car to dependable service for the prescribed time.

Major components receiving attention follows:

#### General Data for Rebuilt EMD GP-7, -9 and -18 Locomotives

Model	GP-16
Horsepower	1600
Engine	645 BC
Main Generator	D128-D14
Auxiliary Generator	10 KW
Traction Motors	D37-D57
Air Brakes	26-L
Sand Capacity	18 Cu. Ft.
Fuel Capacity	1600 Gal.
Cooling Water	230 Gal.
Lube Oil	200 Gal.
Engineman Control Stand	AAR Approved Design
Gear Ratio	62/15
Maximum Speed	65 MPH
Operation	Road-Local-Switch

## TRUCKS--62/15 Gear Ratio

Trucks will be removed from locomotive, completely cleaned and inspected. Application of new parts and replacement of worn components will ensure maximum reliability is obtained.

### Discussion:

(1) Dismantle and completely clean frame, bolster, hangers, levers, etc. and completely inspect all truck parts, utilizing die check or Magnaflux inspection procedures in critical stress areas.

(2) Tram frame to assure original manufacturer's dimensions are maintained.

(3) Renew all pins, bushings and wear plates.

(4) Install tested and matched olliptical and coil springs.

(5) Install new nylatron pedestal liners.

(6) Install brake cylinders that have had all new cups, filters and gaskets applied.

(7) Braking arrangement will be of single brake shoe design with total of eight composition shoes as standard. Brake heads will be to AAR E84B configuration.

Brake cylinders (4), size 10" dia. with standard 2.975:1 lever ratio will be maintained.

## WHEEL ASSEMBLIES--40", AAR D40 Class B

All wheel assemblies will be removed from the locomotive and completely reconditioned; wheel and axle sets following latest manufacturer's and AAR wheel shop practices will be applied.

### Discussion:

(1) The wheel assemblies applied to each locomotive will be in matched sets.

(2) Hyatt journal boxes, standard to these units will be maintained. Prior to reapplication, all boxes will be completely cleaned, inspected and all wear plates, seals and roller bearing parts will be replaced if out of prescribed tolerance.

#### TRACTION MOTORS--D37-D57

Traction motors will be dismantled, cleaned, inspected and assembled utilizing new or remanufactured parts as required. This phase of operation will be undertaken at shops normally engaged in this type of production and completely equipped for performing all of the recognized reconditioning practices that may be required.

#### Discussion:

- (1) Complete cleaning, utilizing vapor degreaser system.
- (2) Varnish, impregnate and bake armatures as required. Turn and undercut commutators.
- (3) Check armatures for balancing.
- (4) Frame dimensionally checked and parts machined as necessary.
- (5) New brushes, seals, wicks, etc. are installed.
- (6) All motors are given high frequency and high potential electrical tests and subjected to run-in before release.

#### OPERATORS CAB

The operators cab of these remanufactured locomotives will be given special attention in order that the controls and appurtenances will be equal to the equipment now being installed on completely new locomotives. To provide this, the existing cab will be completely stripped, including doors, windows, all sash, heater, windshield wipers, seats, flooring, etc. and modern equipment installed.



Discussion:

(1) Stripping of cab will include doors, windows, sash, all interior lighting, control stand, seats, insulation and flooring.

(2) Insulation on top of cab and on sides will be replaced.

(3) New cab window and door glass will be to latest FRA requirements.

(4) Benelex flooring will be installed (1" thick) and new side rail mounted seats will be installed.

(5) To include new locomotive AAR control stand, ceiling lights, hot water cab heaters, metal cab awnings, sun visor. New G.E. electric speed indicator and windshield wipers will be installed and all controls will be replaced with new parts.

(6) Strobe lights will be installed on cab roof and new number lights will be provided in newly constructed casing.

(7) Reconditioned 3 or 5 chime horns will be applied in front center of cab roof, with 1 or 2 bells respectively pointed to the rear.

(8) New side mounted seats will be installed and complete new doors and hardware will be provided.

(9) The short hood will be removed and lowered so as to conform with the new locomotive configuration now standard on locomotives being obtained from manufacturers.

HOOD MODIFICATION

For improved engineman visibility the existing short hood will be removed and lowered to accommodate the new low nose concept.

Discussion:

(1) Remove hood and shorten to meet low nose configuration.

(2) Concrete ballast installed on some units in the short hood area will be removed and steel ingots of like weight will be installed in center sill of locomotives.

(3) Chemical type toilet will be installed in low nose area and access will be provided through door leading into the main engineman's cab.

(4) The low nose will incorporate headlight, sand boxes, running lights and inspection doors as necessary.

(5) Hand brakes will be provided on the fireman's side of the low hood.

#### CARBODY AND MAIN FRAME

The carbody will be removed, along with engines, main generators and other components. Before reconstruction the main underframe of the locomotive and related appurtenances will be thoroughly inspected and rehabilitated.

#### Discussion:

(1) Couplers and draft gears will be removed and replaced as necessary with components that have been reconditioned under controlled maintenance procedures following prescribed builders and AAR standard recommendations. Draft gear pockets will be restored to original dimensions.

(2) Main frame, mounting points for engine, generator, air compressor, etc. will be inspected for defects and proper alignment.

(3) Fuel tank will be completely cleaned and remanufactured (as necessary) to provide 1600 gallon capacity. Dial type fuel gauges will be standard for each side and automatic Buckeye fuel cut-off system will be reconditioned. Install electric emergency fuel cut-off system in place of existing manually operated.

(4) Replace all underframe piping as needed and including all cut-off valves for front and rear and hose connections.

(5) At front and rear pilot sheets remove existing bottom arrangement and install new standard hose securement brackets.

(6) Hood doors and door latches will be reconditioned or replaced.

(7) Install reinforced lifting eyes on both ends of locomotive.

#### SUPPORT SYSTEMS FOR ENGINE

Rehabilitation of engine support systems will involve installation of new components or use of existing parts that have been completely qualified and brought back to new part performance.

#### Discussion:

(1) Engine lube oil cooler will be completely overhauled with new or rebuilt and tested core applied.

(2) The main lube oil filter tank will be tested, 40' bypass valve applied and improved type paper filters installed.

(3) Double unit spin-on type fuel filters will be maintained and a GP-40 type primary fuel system applied.

(4) Engine water cooling radiators (4 banks) will be completely reconditioned.

(5) Sunstrand temperature switches will be installed for regulating engine temperatures.

(6) Main reservoirs will be inspected and replaced as necessary. Safety valves will be reconditioned and automatic blow-down provided.

(7) Sanding systems will be inspected and parts renewed where necessary. An electrically controlled sanding system will be standard and outboard sanding only provided.

(8) Replace engine and carbody air filters with improved design.

## ENGINE

The diesel engine will be completely disassembled, cleaned, inspected and remanufactured. New bushings, bearings, seals and gaskets will be installed. Power assemblies of the 645 cubic inch displacement type will replace the earlier 567 design. All OEM dimensions and procedures will be complied with.

### Discussion:

- (1) Completely strip and clean major components.
- (2) Check "A" frame for alignment and inspect entire block and oil pan for cracks or other defects.
- (3) Inspection of main crankshaft to include minute inspection, measurement of all journals both main and connecting rod, where not within manufacturer's tolerances, entire crankshaft will be replaced with a new or completely rebuilt shaft.
- (4) Crankshaft will be installed utilizing new thrust and main bearings with all main bearing cap nuts torqued to manufacturers' specifications.
- (5) Front and rear gear trains and accessory drivers will be rebuilt, utilizing all new bearings, seals and gaskets.
- (6) Accessory power takeoffs, engine blowers, water and lube oil pumps, etc. will be completely remanufactured and tested according to specifications.
- (7) Completely new 645 power assemblies will be applied. This will include blade and fork rods, liners, complete heads, carriers and wrist pins. All connecting bolts will be carefully torqued and water and lubricating oil connecting lines and fixtures will be gauged and secured.
- (8) Cam shafts will be completely cleaned, inspected and reapplied to engine block, utilizing new bearings.
- (9) Apply new hot oil protection devices.

(10) All top deck mechanisms including frames, covers, layshaft, rocker arms, valve bridges, injectors and control linkages, etc. will be subjected to careful inspection and rebuild.

(11) Engine will be prelubricated, water tested and painted prior to reapplication to locomotive.

#### ELECTRICAL SYSTEMS

The locomotive will be completely rewired and all electrical controls, interlocks and switches will be replaced with new or rebuilt parts.

#### Discussion:

(1) New electrical cabinet will be acquired from qualified manufacturer and will be completely assembled for direct installation to the locomotive. Parts are to be furnished as specified to permit locomotive to be rewired as shown on Drawings ELF-65 and ELF-66. Electrical systems will be remanufactured, utilizing all new components, including such items as voltage regulator, circuit breakers, switches, relays, etc. Power contactors and reverser will be rebuilt to latest manufacturers' standards. Control wiring will be standard 27 wire trainline with basic AAR pin layout.

(2) All wiring will be of copper construction (no aluminum), having at least 1000 volt, 90° C. insulation. Cable insulation to be Hypalon or other SCL approved Okonite, Anaconda or Royal ITT, meeting AAR Specification 589.

(3) Special attention will be given to applying anti-chafing protection.

(4) Battery boxes on each side will be rebuilt to accommodate unitized type batteries. New batteries will be installed.

#### AIR COMPRESSOR--WBO

The air compressor will be completely rebuilt,

utilizing new bearings, seals and gaskets. Parts not within tolerances will be replaced. Compressors will be modified for water cooled operation.

Discussion:

(1) Compressors will be completely dismantled, cleaned and inspected.

(2) All bearings will be renewed and crankshaft, if not up to standard, will be replaced with new or remanufactured shaft.

(3) Triangle reconditioned parts or equivalent (i.e., redrilled rods, remanufactured oil pump, head assemblies, etc.) will be used in reassembly.

(4) Water cooled heads will be applied.

(5) Latest style dual air filters will be used and compressor test operated before installing in locomotive.

MAIN GENERATOR--Model D12-D14

The main generator will receive a basic rebuild and where any or all parts do not meet prescribed tests and inspections, new or other rebuilt components will be installed.

Discussion:

(1) Complete cleaning of disassembled parts will permit initial testing and inspection of components.

(2) Armatures and fields will be subjected to varnish vacuum impregnation and prescribed baking.

(3) Commutators will be turned and slots undercut.

(4) New bearings, gaskets, brushes and completely remanufactured brush holders will be used in reassembly.

(5) Final tests will be made to qualify items for installation to locomotive.

## AUXILIARY MOTORS, FANS AND GENERATORS

Following is a list of the miscellaneous electrical equipment that will require standard rebuild and overhaul.

This will require:

- (a) complete cleaning and test,
- (b) varnish impregnation, baking and turning of brush surfaces as required,
- (c) remanufacture of brush holders,
- (d) application of new seals and bearings, and
- (e) final test and painting.

Items in this category:

- (1) Auxiliary generator--10 KW.
- (2) Roof mounted cooling fans (4).
- (3) Traction motor blowers (4).
- (4) Fuel pump motor.

## LOAD TEST OF LOCOMOTIVES

Following assembly of all parts the locomotive will be completely load tested with all engine functions and horsepower recorded. Following this, each locomotive will be operated under power on test runs, with final adjustment made as necessary.

## PAINTING

After successful test and trial run, locomotive will be moved to designated paint facility for complete painting as required under Family Lines Standard Paint Scheme.

SCHEDULE B

Schedule of Closings

Estimated  
Closing Date

July 30, 1982

Estimated Purchase  
Price of Equipment

\$3,936,000